



## State of Utah

### Department of Natural Resources

ROBERT L. MORGAN  
*Executive Director*

### Division of Oil, Gas & Mining

LOWELL P. BRAXTON  
*Division Director*

OLENE S. WALKER  
*Governor*

GAYLE F. McKEACHNIE  
*Lieutenant Governor*

June 28, 2004

Ken P. Done  
Kennecott Utah Copper Corporation  
P.O. Box 6001  
Magna, Utah 84044-6001

Subject: Formal Approval of Form and Amount of Updated Reclamation Sureties and Replacement Reclamation Contracts, Kennecott Utah Copper Corporation, Copperton Concentrator Modernization/4<sup>th</sup> Mill Line and UCD Modernization, M/035/011, Utah County, Utah

Dear Mr. Done:

In performing the standard five-year review of the reclamation surety, and after subsequent site visits, the Division determined that escalation was all that was required to bring these mines into year 2008 dollars. Kennecott presently has two reclamation sureties totaling \$19,029,000 issued by St. Paul Fire & Marine Insurance Company, posted for these two projects. A new total of \$23,323,100 was required to bring the sites to current dollars.

Because these projects were previously bonded separately; the sureties were calculated and updated accordingly.

On June 22, 2004, Kennecott provided two Letters of Credit, issued by Royal Bank of Scotland totaling \$23,323,100, and revised Reclamation Contracts for the two projects. On June 25, 2004, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of updated reclamation sureties. The following table shows the sureties now held for these two projects.

Project Name	Existing Surety (St. Paul Fire & Marine)	New LOC (Royal Bank of Scotland)	Total
Copperton Concentrator / 4 <sup>th</sup> Line	\$8,600,000	\$1,574,100	\$10,174,100
UCD Modernization	\$10,429,000	\$2,720,000	\$13,149,000
		Grand Total	\$23,323,100

Ken Done  
Page 2 of 2  
M/035/011  
June 28, 2004

***The Division hereby grants its final approval of your updated reclamation surety.*** Enclosed please find copies of the two LOC's to add to your existing files and the fully signed and executed Reclamation Contracts which will replace the existing Reclamation Contracts

Thank you for your help in finalizing this permitting action to bring the sureties to current year. Nothing more will be required on this surety bond until the year 2008, unless you revise or amend your large mining notice. Please call me or Doug Jensen if you have any questions in this regard.

For your information, beginning July 6, 2004, I will be transferring over to our coal regulatory program on a cross-training assignment. My replacement in the minerals program will be Daron Haddock. After July 6<sup>th</sup>, please contact Daron at (801) 538-5325 or one of our permit leads if you have any questions or concerns regarding your permit.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb

Enclosure: Two RC's w/accompanying LOC's  
O:\M035-SaltLake\M0350011-Copperton\Final\updatesurety-06282004.doc

FORM MR-RC  
Revised January 30, 2003  
RECLAMATION CONTRACT

File Number M/035/011  
Effective Date June 25, 2004  
Other Agency File Number n/a

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

**RECEIVED**

**JUN 22 2004**

**RECLAMATION CONTRACT**

---ooOoo---

DIV OF OIL GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/035/011</u>
(Mineral Mined)	<u>Copper/Molybdenum</u>
"MINE LOCATION":	
(Name of Mine)	<u>UCD Modernization</u>
(Description)	<u>Approx: 15 miles SW of SLC in SL County</u>
	<u>P.O. Box 6001</u>
	<u>Magna, UT 84044-6001</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>588 acres</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Kennecott Utah Copper Corporation</u>
(Address)	<u>P.O. Box 6001</u>
	<u>Magna, UT 84044-6001</u>
	<u>(801) 569-6000</u>
(Phone)	

"OPERATOR'S REGISTERED AGENT":

Name)

(Address)

(Phone)

Corporation Service Company (CSC)

Gateway Tower East, Suite 900

10 East South Temple

Salt Lake City, UT 84133

800-927-9801

"OPERATOR'S OFFICER(S)":

W.H. Champion - President & CEO

R.S. Light - Vice President & CFO

K.P. Done - Treasurer

SURETY":

(Form of Surety - Attachment B)

Surety Bond / Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.) St. Paul Fire & Marine Insurance Company #  
Royal Bank of Scotland #

"SURETY AMOUNT":

(Escalated Dollars)

(Bond)

(LOC)

\$10,429,000 + \$2,720,000 - Total \$13,149,000

"ESCALATION YEAR":

2008

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Kennecott Utah Copper Corporation the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/035/011 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved Notice of Intention and Reclamation Plan received December 2, 1985. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.



OPERATOR:

Kennecott Utah Copper Corporation  
Operator Name

By R.S. Light / K.P. Done  
Authorized Officer (Typed or Printed)

ATTEST:  
Shannon S. Crompton  
SECRETARY

VP & CFO / Treasurer  
Authorized Officer - Position

[Signature]  
Officer's Signature

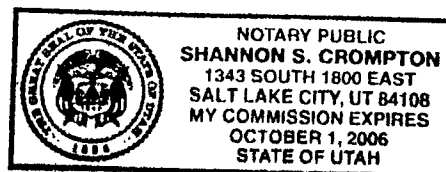
10 JUNE 2004  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 10<sup>TH</sup> day of JUNE, 2004, Rob S. Light and Ken P. Done personally appeared before me, who being by me duly sworn did say that he/she is the VP & CFO / Treasurer of Kennecott Utah Copper Corporation and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Messers Light and Done duly acknowledged to me that said company executed the same.

[Signature]  
Notary Public  
Residing at SALT LAKE CO., UT

1 October 2006  
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton  
Lowell P. Braxton, Director

6/25/09  
Date

STATE OF Utah)  
COUNTY OF Salt Lake) ss:

On the 25<sup>th</sup> day of June, 2009, Lowell P. Braxton  
personally appeared before me, who being duly sworn did say that he, the said  
Lowell P. Braxton is the Director of the Division of Oil, Gas and Mining,  
Department of Natural Resources, State of Utah, and he duly acknowledged to me that  
he executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns  
Notary Public  
Residing at: S LC Utah

April 4, 2005  
My Commission Expires:



## ATTACHMENT "A"

Kennecott Utah Copper Corporation  
Operator

UCD - Modernization  
Mine Name

M/035/011  
Permit Number

Salt Lake County, Utah

### LEGAL DESCRIPTION

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 588.0 acres under the approved permit and surety, as reflected on the attached map labeled Copperton Concentrator Surface Facilities and dated 1/98:

### The legal description of lands to be disturbed is:

#### Portions of the

SW 1/4 Section 19; W 1/2 Section 30; Section 21; T1S, R2W.

S 1/2 NE 1/4 Section 23; S 1/2 Section 24; Section 25; NE 1/4, SE 1/4 Section 36; T1S, R3W.

E 1/2 Section 6; E 1/2 E 1/2 Section 7; W 1/2 NW 1/4 and SW 1/4 Section 8; SW 1/4 and W 1/2 SE 1/4 Section 16; NW 1/4, SW 1/4, and SE 1/4 Section 17; E 1/2 W 1/2 and W 1/2 E 1/2 Section 21; NW 1/4 Section 28; Section 29, Section 32; T2S, R2W.

Section 5; E 1/2 NE 1/4 and SE 1/4 Section 6; NE 1/4, SE 1/4 NW 1/4, SW 1/4, and SE 1/4 Section 7; NW 1/4 NW 1/4 and E 1/2 Section 8; T3S, R2W.

Salt Lake Base and Meridian, Salt Lake County, Utah.

**Corporate Banking & Financial Markets**

101 Park Avenue  
New York, NY 10178

Telephone: 212 401 3200

Facsimile: 212 401 1494

Website: [www.rbs.co.uk](http://www.rbs.co.uk)

Date: June 11, 2004

UTAH DIVISION OF OIL, GAS AND MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Letter of Credit No. 1

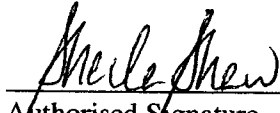
Gentlemen and Ladies:

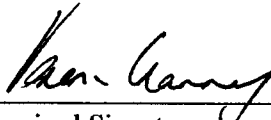
1. The Royal Bank of Scotland plc ("Bank"), of 101 Park Avenue, 12<sup>th</sup> Floor, New York, NY 10178 hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favour of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed US\$2,720,700.00 (United States Dollars Two Million Seven Hundred Twenty Thousand Seven Hundred Only) ("Face Amount") effective immediately.
2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on June 9<sup>th</sup>, 2005 or (b) the date upon which sufficient documents are executed by the Division to release Kennecott Utah Copper Corporation ("Operator") from further liability for reclamation of the UCD Modernization M/035/011 with notice to Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.
3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Bank gives notice to the Division 90 days prior to the expiration date that the Bank elects not to renew the Letter of Credit.
4. Funds under this Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. 1 delivered to the office of the Bank, 101 Park Avenue, 12<sup>th</sup> Floor, New York, NY 10178. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.
5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than

the close of business, Salt Lake City time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business.
7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credits, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.
8. All communications regarding this Letter of Credit will be addressed to the Bank at 101 Park Avenue, 12<sup>th</sup> Floor, New York, NY 10178, referencing Letter of Credit No.

Yours faithfully,  
The Royal Bank of Scotland plc

  
\_\_\_\_\_  
Authorised Signature  
Sheila Shaw, Vice President

  
\_\_\_\_\_  
Authorised Signature  
Veronica Cranny, Senior Vice President

**EXHIBIT A - SIGHT DRAFT**  
to  
**Letter of Credit Number** \_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
City, County

\_\_\_\_\_  
Letter of Credit No.

\_\_\_\_\_  
PAY TO THE ORDER OF : \_\_\_\_\_ Utah Division of Oil, Gas and Mining

\_\_\_\_\_  
DOLLARS

To: The Royal Bank of Scotland plc  
101 Park Avenue  
12<sup>th</sup> Floor  
New York, NY10178

Utah Division of Oil, Gas and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

By: \_\_\_\_\_  
Authorized Signature



**EXHIBIT B**  
to  
**Letter of Credit Number \_\_\_\_\_**

I, \_\_\_\_\_ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ \_\_\_\_\_, by sight draft accompanying this certificate, under Letter of Credit No. \_\_\_\_\_ dated June 11, 2004 issued by you is permitted under the provisions of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Letter of Credit No. \_\_\_\_\_ in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the \_\_\_\_\_ [mine], \_\_\_\_\_ [mine permit #].

The Utah Division of Oil, Gas and Mining

By: \_\_\_\_\_  
Authorized Signature

Date: \_\_\_\_\_



## KENNECOTT UTAH COPPER CORPORATION

### SECRETARY'S CERTIFICATE

As Secretary of Kennecott Utah Copper Corporation, a Delaware corporation (the "Corporation"), I certify the following is a true copy of resolutions adopted by the Board of Directors on 1 July 2001, which resolutions have not been amended and remain effective on this date:

#### ADOPTION OF RESTATED BANKING RESOLUTIONS:

**IT IS RESOLVED** that either the President and Chief Executive Officer, the Vice President and Chief Financial Officer or the Treasurer **together with** the Assistant Treasurer are authorized to:





- (i) establish and close bank accounts, brokerage accounts and lines of credit in the name of the Corporation;
- (ii) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to sign checks, drafts or transfers drawn on any accounts opened in the name of the Corporation and to revoke such authority, which authorized signatures may be affixed to any check or other instrument for the payment of money by printing, facsimile stamp or any other mechanical device, and the bank is hereby authorized to rely upon and accept as genuine any such printed, facsimile stamp or mechanical signature without any duty to determine the genuineness thereof or whether the affixing thereof has been authorized by the Corporation or the officer, employee or agent whose name is affixed;
- (iii) make and direct investments of funds including specifically, but not limited to, the establishment and maintenance of accounts for the purchase and sale of commodity futures, commodity options (on futures or physicals), foreign futures and options, commodity forward contracts and physical commodities (including currencies) and the closure of such accounts;

- (iv) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to transact business, enter buy or sell orders, trade and invest or sell investments with respect to any accounts opened in the name of the Corporation and to revoke such authority; and
- (v) execute, in the name of the Corporation, such guarantees, letters of credit and other types of indemnification agreements as they deem advisable;

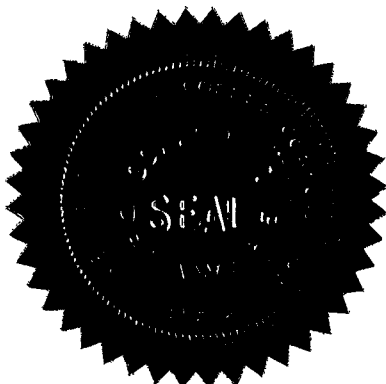
and it is further

**RESOLVED** that the above banking resolutions shall supersede all other banking resolutions previously adopted by the Corporation.

I further certify that (1) each of the persons listed below has been appointed and is presently serving in the position set forth to the right of his or her name; and (2) to the right of such position is his or her genuine specimen signature.

<u>NAME OF OFFICER</u>	<u>POSITION</u>	<u>SIGNATURE</u>
W. Champion	President and Chief Executive Officer	
R. Light	Vice President and Chief Financial Officer	
K. P. Done	Treasurer	
J. R. Welch	Assistant Treasurer	

**DATED AND SEALED** this 10<sup>TH</sup> day of JUNE 2004.



  
SHANNON S. CROMPTON



FORM MR-RC  
Revised January 30, 2003  
RECLAMATION CONTRACT

File Number M/035/011  
Effective Date June 25, 2004  
Other Agency File Number n/a

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

**RECEIVED**

**RECLAMATION CONTRACT**  
---ooOoo---

**JUN 22 2004**

**DIV OF OIL GAS & MINING**

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/035/011  
(Mineral Mined) Copper and Associated Minerals

"MINE LOCATION":  
(Name of Mine) Copperton Concentrator Modernization Project  
(Description) 4th mill line expansion, Salt Lake County, Utah  
one mile north of the Town of Copperton  
on the east flank of the Oquirrh Mountains

"DISTURBED AREA":  
(Disturbed Acres) 168 acres  
(Legal Description) (refer to Attachment "A")

"OPERATOR":  
(Company or Name) Kennecott Utah Copper Corporation  
(Address) P.O. Box 6001  
Magna, UT 84044-6001  
  
(Phone) (801) 569-6000

"OPERATOR'S REGISTERED AGENT":

Name)

(Address)

(Phone)

Corporation Service Company (CSC)  
Gateway Tower East, Suite 900  
10 East South Temple  
Salt Lake City, UT 84133  
800-927-9801

"OPERATOR'S OFFICER(S)":

W.H. Champion - President & CEO  
R.S. Light - Vice President & CFO  
K.P. Done - Treasurer

SURETY":

(Form of Surety - Attachment B)

Surety Bond / Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

St. Paul Fire & Marine Insurance Company  
Royal Bank of Scotland

"SURETY AMOUNT":

(Escalated Dollars)

(Bond)

(LOC)

\$8,600,000 + \$1,574,100 - Total \$10,174,100

"ESCALATION YEAR":

2008

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

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WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/035/011 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved Notice of Intention and Reclamation Plan received February 9, 1980. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
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7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
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12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Kennecott Utah Copper Corporation  
Operator Name

By R.S. Light / K.P. Done  
Authorized Officer (Typed or Printed)

VP & CFO / Treasurer  
Authorized Officer - Position

[Signature]  
Officer's Signature

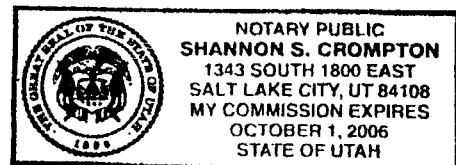
10 JUNE 2004  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 10<sup>th</sup> day of JUNE, 20 04, Rob S. Light and Ken P. Done personally appeared before me, who being by me duly sworn did say that he/she is the VP & CFO / Treasurer of Kennecott Utah Copper Corporation and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Messrs. Light and Done duly acknowledged to me that said company executed the same.

[Signature]  
Notary Public  
Residing at SALT LAKE CO., UTAH

1 OCTOBER 2006  
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton  
Lowell P. Braxton, Director

6/25/04  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 25<sup>th</sup> day of June, 2004, Lowell P. Braxton  
personally appeared before me, who being duly sworn did say that he, the said  
Lowell P. Braxton is the Director of the Division of Oil, Gas and Mining,  
Department of Natural Resources, State of Utah, and he duly acknowledged to me that  
he executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns  
Notary Public  
Residing at: Salt Lake City UT

April 4, 2005  
My Commission Expires:

## ATTACHMENT "A"

Kennecott Utah Copper Corporation  
Operator

Copperton Concentrator Modernization 4th Line  
Mine Name

M/035/011  
Permit Number

Salt Lake County, Utah

### LEGAL DESCRIPTION

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

**The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 168.0 acres under the approved permit and surety, as reflected on the attached map labeled Copperton Concentrator Surface Facilities and dated 1/98:**

The legal description of lands to be disturbed is:

- 1) SW 1/4 of Section 5      T3S, R2W, SLBM
- 2) SE 1/4 of Section 6
- 3) W 1/2 of Section 8

The activity referred to in this Notice of Intent is included in No. 1 above.





**Corporate Banking & Financial Markets**

101 Park Avenue  
New York, NY 10178

Telephone: 212 401 3200

Facsimile: 212 401 1494

Website: [www.rbs.co.uk](http://www.rbs.co.uk)

Date: June 11, 2004

UTAH DIVISION OF OIL, GAS AND MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Letter of Credit No.                     

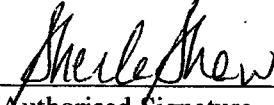
Gentlemen and Ladies:

1. The Royal Bank of Scotland plc ("Bank"), of 101 Park Avenue, 12<sup>th</sup> Floor, New York, NY 10178 hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favour of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed US\$1,574,100.00 (United States Dollars One Million Five Hundred Seventy Four Thousand One Hundred Only) ("Face Amount") effective immediately.
2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on June 9<sup>th</sup>, 2005 or (b) the date upon which sufficient documents are executed by the Division to release Kennecott Utah Copper Corporation ("Operator") from further liability for reclamation of the Copperton Concentrator Modernization Project 4<sup>th</sup> Mill Line Expansion M/035/011 with notice to Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.
3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Bank gives notice to the Division 90 days prior to the expiration date that the Bank elects not to renew the Letter of Credit.
4. Funds under this Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No.                      delivered to the office of the Bank, 101 Park Avenue, 12<sup>th</sup> Floor, New York, NY 10178. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.
5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than


the close of business, Salt Lake City time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business.
7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credits, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.
8. All communications regarding this Letter of Credit will be addressed to the Bank at 101 Park Avenue, 12<sup>th</sup> Floor, New York, NY 10178, referencing Letter of Credit No.

Yours faithfully,  
The Royal Bank of Scotland plc

  
\_\_\_\_\_  
Authorised Signature

Sheila Shaw, Vice President

  
\_\_\_\_\_  
Authorised Signature

Veronica Cranny, Senior Vice President

**EXHIBIT A - SIGHT DRAFT**  
**to**  
**Letter of Credit Number** \_\_\_\_\_

\_\_\_\_\_  
Date City, County Letter of Credit No.

\_\_\_\_\_  
PAY TO THE ORDER OF : \_\_\_\_\_ Utah Division of Oil, Gas and Mining

\_\_\_\_\_  
DOLLARS

To: The Royal Bank of Scotland plc  
101 Park Avenue  
12<sup>th</sup> Floor  
New York, NY 10178

Utah Division of Oil, Gas and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

By: \_\_\_\_\_  
Authorized Signature

**EXHIBIT B**

**to**  
**Letter of Credit Number** \_\_\_\_\_

I, \_\_\_\_\_ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ \_\_\_\_\_, by sight draft accompanying this certificate, under Letter of Credit No. \_\_\_\_\_ dated June 11, 2004 issued by you is permitted under the provisions of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Letter of Credit No. \_\_\_\_\_ in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the \_\_\_\_\_ [mine], \_\_\_\_\_ [mine permit #].

The Utah Division of Oil, Gas and Mining

By: \_\_\_\_\_  
Authorized Signature

Date: \_\_\_\_\_

**KENNECOTT UTAH COPPER CORPORATION**

**SECRETARY'S CERTIFICATE**

As Secretary of Kennecott Utah Copper Corporation, a Delaware corporation (the "Corporation"), I certify the following is a true copy of resolutions adopted by the Board of Directors on 1 July 2001, which resolutions have not been amended and remain effective on this date:

**ADOPTION OF RESTATED BANKING RESOLUTIONS:**

**IT IS RESOLVED** that either the President and Chief Executive Officer, the Vice President and Chief Financial Officer or the Treasurer **together with** the Assistant Treasurer are authorized to:

- (i) establish and close bank accounts, brokerage accounts and lines of credit in the name of the Corporation;
- (ii) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to sign checks, drafts or transfers drawn on any accounts opened in the name of the Corporation and to revoke such authority, which authorized signatures may be affixed to any check or other instrument for the payment of money by printing, facsimile stamp or any other mechanical device, and the bank is hereby authorized to rely upon and accept as genuine any such printed, facsimile stamp or mechanical signature without any duty to determine the genuineness thereof or whether the affixing thereof has been authorized by the Corporation or the officer, employee or agent whose name is affixed;
- (iii) make and direct investments of funds including specifically, but not limited to, the establishment and maintenance of accounts for the purchase and sale of commodity futures, commodity options (on futures or physicals), foreign futures and options, commodity forward contracts and physical commodities (including currencies) and the closure of such accounts;

- (iv) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to transact business, enter buy or sell orders, trade and invest or sell investments with respect to any accounts opened in the name of the Corporation and to revoke such authority; and
- (v) execute, in the name of the Corporation, such guarantees, letters of credit and other types of indemnification agreements as they deem advisable;

and it is further

**RESOLVED** that the above banking resolutions shall supersede all other banking resolutions previously adopted by the Corporation.

I further certify that (1) each of the persons listed below has been appointed and is presently serving in the position set forth to the right of his or her name; and (2) to the right of such position is his or her genuine specimen signature.

<u>NAME OF OFFICER</u>	<u>POSITION</u>	<u>SIGNATURE</u>
W. Champion	President and Chief Executive Officer	<i>W. H. Champion</i>
R. Light	Vice President and Chief Financial Officer	<i>R. Light</i>
K. P. Done	Treasurer	<i>K. P. Done</i>
J. R. Welch	Assistant Treasurer	<i>J. R. Welch</i>

**DATED AND SEALED** this 10<sup>th</sup> day of JUNE..... 2004.



*Shannon S. Crompton*  
 SHANNON S. CROMPTON